



**U.S. Department of Justice**

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**NEWS RELEASE**

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Paul J. McNulty, United States Attorney for the Eastern District of Virginia, and Cassandra M. Chandler, Special Agent In Charge of the Norfolk Division of the Federal Bureau of Investigation (FBI) announce the unsealing of an indictment following the recent arrests of James Robert Nance, (also known as Thomas James Alvin and T.J. Alvin) and Steven A. Nadroski, (also known as Trent Wilson) and his brother Donald Nadroski, (also known as Don Black and Yaakov Cohen). All three men are named in a five-count indictment for Possessing and Uttering a Counterfeit Security, Wire Fraud, Bank Fraud and Conspiracy. Although the defendants are charged in different counts for their respective roles in the offenses, the total criminal exposure outlined in the indictment is a statutory maximum of 100 years, coupled with \$2,000,000 in fines and full restitution to the targeted victims.

The charges in the indictment focus on the defendants' involvement in an ongoing "bust-out" scheme targeting corporations located across the United States. In general, a "bust-out" scheme involves a criminal's targeting of a particular business that is offered for legitimate sale in the market. Once the offenders identify a victim business, they act as an interested buyer in the business, boasting that they are legitimate and have sufficient assets to purchase the company. Prior to or at closing, the offender offers to pay only a portion of the sales price up front, with all or a significant portion of the amount to be paid several days after the transaction is complete. Once the ownership of the victim business is transferred, the offender liquidates and steals all available assets of the company. After stealing as much money and other assets as possible, the offender and his or her cohorts flee the business, leaving it in financial disarray.

The FBI's investigation started after the defendants victimized a closely held Virginia corporation called Hallwood Enterprises, Inc. (Hallwood) primarily located in Smithfield, Virginia, in the Eastern District of Virginia. In the Spring of 2004, the owner was attempting to sell Hallwood and listed the company for sale through a business brokerage firm called Sun Belt business brokers in Richmond, Virginia. The defendants (who were operating using alias names) worked together and joined with other co-conspirators to contact Hallwood and express an interest in buying that company. The owner checked the purchasers' credentials, which involved his review of fraudulent financial statements for the defendant's front company and contacts with fake references. The owner

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of Hallwood sold his company to the defendants on June 23, 2004. At closing, Nance, who was using the alias T.J. Alvin, agreed to purchase Hallwood Enterprises for \$1.7 million, with an initial down payment of \$32,050 and the rest to be paid in installments over the next few months. The owner later discovered the \$32,050 check the co-conspirators used to make the first payment was worthless.

After purchasing the business, the defendants seized control of the company, keeping the owner and his son on the payroll as consultants. Over the next several days, the defendants stopped paying Hallwood's creditors and started gathering all the assets of the company for transfer into a new operating account opened by the co-conspirators at SouthTrust Bank. The owner protested and began to realize that something was wrong. While the owner explored his legal options, the co-conspirators wired \$125,000 from Hallwood's operating account to other accounts in Panama and Miami, Florida. Soon after, the defendants and their cohorts disappeared.

Aside from Hallwood Enterprises, the FBI has identified number of other companies that were targeted by the defendants in Florida, Texas, Hawaii, Colorado, Missouri, and California. A conservative estimate of the losses caused by the defendants throughout this scheme would be in the millions of dollars range. Presently, the government is investigating these other instances. If anyone believes they have been victimized by these individuals, they are urged to immediately contact the FBI.

FBI Special Agent in Charge Chandler added, "Business frauds of this nature harm the financial well-being and security of innocent business owners, their employees and suppliers. I urge those who may have been similarly victimized to contact the FBI at (757) 455-0100 in Norfolk or (757) 727-7933 in Hampton."

The investigation was conducted by the Peninsula Resident Agency of the Norfolk Division of the Federal Bureau of Investigation. Assistant United States Attorney Michael Gill is prosecuting the case for the United States.

(It should be noted that defendants are considered innocent until proven guilty.)

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